



Testimony of Denise L. Nappier

Treasurer of the State of Connecticut

SUBMITTED TO THE FINANCE, REVENUE AND BONDING COMMITTEE

APRIL 2, 2018

Senator Fonfara, Senator Frantz, Representative Rojas and Representative Davis, thank you for the opportunity to submit testimony on HB 5590, *An Act Concerning Bond Covenants and the Bond Issuance Cap*. These comments focus on Section 3 of the bill.

Last year's bipartisan budget bill included a cap on new bond issuances of \$1.9 billion per fiscal year, with adjustments for inflation. The cap appears inadvertently to include bonds issued to refund other bonds, notes or other obligations of the State, and bond anticipation notes. The refunding bonds create debt service savings and the bond anticipation notes are retired by permanent long-term bonds. Neither type of debt increases the State's overall level of debt and their inclusion under the issuance cap appears to have been inadvertent.

The language of Section 3 provides a technical correction that parallels existing language of the State's debt limit. I appreciate the Committee raising the language and urge your support.

Thank you.